REME COURT, U. S.

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IN THE

Supreme Court of the United States

October Term, 1968.

No. 640

ULTIMATE RESEARCH AND DEVELOPMENT CORP.,

and

RALPH F. CELMER,

Petitioners,

vs.

THE TAYLOR WINE COMPANY, INC.,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

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THE REPORTER COMPANY, INC., Walton, N. Y. 13856—607 865-4131—1968

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THE TAYLOR WINE COMPANY, Inc.,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

Petitioners pray that a writ of certiorari issue to review the judgments of the United States Court of Appeals for the Second Circuit entered under that Court's Docket Numbers 32,127 and 32,128 on July 18, 1968.

Citations to Opinion Below.

The opinion of the Court of Appeals is reported at F. 2d , 158 U.S.P.Q. 497 (2d Cir., 1968) and is reprinted in the appendix hereto (p. 1a). The findings of fact and conclusions of law of the District Court are reported at 278 F. Supp. 740, 155 U.S.P.Q. 679 (W.D.N.Y., 1967) and are printed in the appendix hereto (p 9a).

Jurisdiction.

The judgments of the Courts of Appeals were entered July 18, 1968 (Appendix, pp. 5a-8a). The jurisdiction of the District Court was based on 28 U. S. C. 2201, 1338(a), and 1400(b), and Title 35, U. S. C. The jurisdiction of this Court is invoked under 28 U. S. C. 1254 (1).

Questions Presented.

Question 1:

Is the standard of invention applied by the Court of Appeals consistent with the standard set forth by the Congress in 35 U. S. C. Section 103 and by this Court in *Graham v. John Deere Co.*, 383 U. S. 1 (1966), and *United States v. Adams*, 383 U. S. 39 (1966)?

Question 2:

Did the Court of Appeals err in failing to hold the respondent guilty of infringement of the patent in issue, and also guilty of willful and deliberate infringement so as to entitle applicant to exemplary damages under 35 U. S. C. 284, and to attorney fees under 35 U. S. C. 285?

Statutes and Rules Involved.

Article I, Section 8, of the United States Constitution:

> "The Congress shall have power * * * to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

Section 103 of the 1952 Patent Act, 35 U. S. C.:

> "Conditions for patentability; non-obvious subject matter.
>
> "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Section 282 of the 1952 Patent Act, 35 U. S. C.:

> "Presumption of validity; defenses
>
> A patent shall be presumed valid. * * *"

Section 284 of 35 U. S. C.:

> "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.
>
> "When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.
>
> "The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances."

Section 285 of 35 U. S. C.:

> "Attorney fees.
>
> "The court in exceptional cases may award reasonable attorney fees to the prevailing party."

Statement of the Case.

1. Summary of Proceedings.

This controversy was first brought into court by the respondent, which filed a declaratory judgment action against the petitioner Celmer in the Western District of New York, seeking a declaration of invalidity and non-infringement of United States Letters Patent No. 3,083,104. Before that action was filed, Celmer, the patentee and original owner of the patent, had assigned the patent to the petitioner Ultimate, which subsequently filed an infringement action against the respondent. The two actions were tried as one. The District Court held the patent valid, but not infringed. Ultimate and the respondent both appealed. The Court of Appeals held the patent invalid and did not mention the question of infringement in its opinion.

2. Background and History of the Patented Process.

All retail grape juice in this country (R-301) is made from grapes of the kind known as labrusca, native to America, and different from European wine grapes, which are of the kind called vinifera. Labrusca grapes, typified by the Concord variety, are difficult to process because they include a high proportion of slimy and gelatinous substances called pectins (R-20-R-24).*

This litigation centers about the extraction of juice from labrusca grapes. The patent in issue is directed broadly to the extraction of juice from vegetative pulps, with emphasis on grape juice, and Taylor makes grape juice as an intermediate product in the production of

*Reference numerals preceded by the letter R refer to pages in the record. Petitioners' exhibits are prefixed with the letter P, and Respondent's exhibits with the letter T.

wine. It is only the making of grape juice that is alleged to infringe the patent in this litigation.

Prior to 1962, Taylor extracted grape juice by a process known as rack and frame, or, synonymously, hydraulic pressing, or cheese pressing (Finding 12, R-1032, and R-24, R-277, R-278). In that process the grapes were first destemmed and lightly crushed, and then placed in coarse press cloths laid upon lattice-work racks and laterally supported by shallow wooden frames. Portions of the press cloths were folded over upon the crushed grapes to form what was called a cheese. The frame was then removed, and another rack placed upon the cheese. A stack of cheeses was built up, each cheese being separated from the one beneath it by a rack. The cheeses set up, first under their own weight, then under a dead weight, and were then pressed by a hydraulic or screw press. After pressing, the cheeses were dismantled, the pomace discarded, and the cloths cleaned preparatory to reuse (R-26-R-32).

The press cloths used were relatively coarse, with large interstices (R-27). They were of cotton (R-31) and absorptive so that particles of the grape solids would cling to them to assist in the desired "setting up" action. There had to be a filtering action, of course, but the process was fundamentally different from all processes known as filtering. In filtering (R-37) as practiced in the laboratory and in industry, the material to be filtered is urged against a porous sheet, or wall which retains the solid particles simply by reason of the fineness of the passages through it. The press cloths used in rack and frame pressing, the nylon net in the press now used by respondent, and the screens in screw extractors are all much too coarse to be regarded as filters. These elements are coarse to permit a relatively rapid and economical extraction, and the grape mass itself is relied on to hold

back the finer solids so as to yield a clear and transparent juice. For this reason, it was unthinkable in the old process to reduce the grapes to a highly fluid state before pressing. Far too much solid matter would pass through the press cloths with the juice (R-282).

There were recognized problems with the process (R-30-R-32, R-278-R-281). It was difficult to obtain the necessary unskilled seasonal laborers. There was dissatisfaction with efficiency because the person in charge of the pressing had to judge at which point sufficient juice had been extracted, and this was not an easy matter. The necessary pressing time would vary not only in accordance with the nature of the grapes being pressed, but also with the condition of the press cloths, which would tend to become clogged, or blinded by an accumulation of grape solids. As the cloths became older, longer pressing times would be required to achieve a satisfactory degree of extraction. There was also dissatisfaction with the quality of juice produced; greater clarity was desired, and less pectins, which came through and later jelled in the settling tank. Sanitation was also regarded as unsatisfactory and difficult to maintain.

Unsuccessful Efforts by Others:

These problems received attention not only from Celmer, but also from others who made unsuccessful attempts to find improved processes for extracting juice from Concord grapes. Efforts were made to use a continuous screw press of the type known as the Garolla (R-283, R-286) in upstate New York without success. The work was abandoned and the press was shipped to California, where attempts were made to use the press for processing California (vinifera) grapes (R-283-R-286) which are recognized as less difficult to process than Concord grapes (R-305-R-306). Yet even these attempts were unsuccess-

ful. The patent to Graham, *et al.*, No. 2,795,184 (Exh. P-15) indicates efforts by Graham and his associates, which were unsuccessful in that the Graham apparatus never achieved significant commercial acceptance (R-287).

Commercial Success of the Invention:

The patented process, by contrast, was successful and has revolutionized the practice in the grape juice industry (R-288, and Exh. P-14, Sedelmeyer stipulation). At the present time, the vast majority of grape juice produced in this country commercially is produced on mechanical presses and extractors. Such presses and extractors were available for many years prior to the fall of 1953, the first season following Celmer's demonstration to processors (R-33, R-34, and Exh. P-14). However, until at least 1954, the grape juice industry relied exclusively on the rack and frame, or cheese pressing process (R-277, Exh. P-14). All eleven members of the Concord Grape Cooperative Development Association, or their successors, are currently licensed under the Celmer patent and use the patented process (R-55-R-56). Moreover, it is undisputed that practically all of the processes now employed commercially for the production of grape juice are based on the principles of the Celmer patent (R-288).

The Invention:

Celmer applied himself in a home workshop to devise a process by which clear juice could be extracted from Concord grapes on commercially available machinery more efficiently and effectively than by the rack and frame press (R-32-R-34). As part of this work, he made grape puree (grapes reduced to a highly fluid state) by putting grapes through a small hand-operated screw-type extractor (R-36-R-38, R-203). The machine retained the

skins and the seeds upon a screen and allowed the crushed pulp to pass through. Celmer ther filtered the puree (R-39) to obtain clear juice. He used a Buchner funnel, which is like an ordinary funnel with a screen inside. His practice (R-39) was to lay down a filter pad of fibers upon the screen, mix cellulose fibers into the puree, and pour the mixture into the funnel. All of these steps were old in the art. This was compressive extraction, yielding a puree, followed by filtering to obtain a clear juice.

At one point (R-39-R-41), Celmer inadvertently forgot to lay down the filter pad before pouring the puree into the funnel. To his surprise, he found that nevertheless there was a good separation of the juice from the solids. Solids did not pass through the screen with the juice, nor did the screen become clogged, as he had expected. It was this observation (R-41) that triggered his flash of genius. He intuitively sensed that he had found the answer to the problem he had set out to solve, that the puree with the cellulose fibers mixed into it would be suitable for extraction of grape juice by machine (R-201). To prove it to his own satisfaction, he took a portion of the puree with the cellulose fibers in it and put it through his screw extractor (R-202). His expectations were confirmed. The screw extractor now yielded clear, transparent juice of excellent quality.

Celmer thereupon (R-42) undertook to interest grape juice processors to provide financial backing to set up a pilot plant to demonstrate the process on commercial types of equipment. This he did without ever having to reveal to the processors the basis of his process (R-118).

The pilot plant project was successful, and on April 30, 1953 (R-43), Celmer demonstrated a successful extraction of grape juice on mechanical equipment to a group of the processors.

In 1954 he applied for a patent on the process (R-45), and after various proceedings in the Patent Office, the patent issued on March 26, 1963, to Celmer individually. Celmer subsequently assigned the patent to Ultimate prior to the start of this litigation.

3. The Celmer Patent.

The Celmer Patent, No. 3,083,104, sets forth a method of extracting liquids from vegetative pulps with emphasis on producing juice from Concord grapes. Since the present controversy relates to Taylor's processing of grapes only, there is no need to explore further aspects of the patent dealing with other foods.

The patent teaches essentially (R-50) a three-step process: fluidizing the grapes, adding between 0.5% and 5% by weight of "alpha cellulose fibers substantially free from fines and predominantly in the range of 1-10 mm. in length," and compressive extraction.

4. Cellulose and Alpha Cellulose.

Cellulose:

Cellulose is the fibrous material constituting the cell walls of most plants. Major sources are wood and cotton. Bleached paper pulp made from wood is almost pure cellulose. Most cellulose may be separated chemically into various fractions, the principal one being known as alpha cellulose. Other fractions are beta cellulose, gamma cellulose and hemi-cellulose. The principal constitutent of bleached paper pulp is alpha cellulose. For example, the paper pulp Georgianier, used by respondent as a press aid in slightly over 88% alpha cellulose (R-356).

Alpha Cellulose:

The term "alpha cellulose" is used not only to designate a particular chemically distinguishable fraction of practically all cellulose pulps. It also has been given a special meaning among paper experts to denote pulps having an alpha cellulose (in its first, or ordinary meaning) content of 90% or more (R-354).

5. The Taylor Process.

The accused process used by Taylor for extracting grape juice may be briefly summarized as follows: Grapes from the vineyard are washed and treated in a machine called a stemmer-crusher, which removes the stems and completely macerates the grapes (R-73) producing a highly fluid crushed pulp.

The highly fluid mass of crushed grapes is discharged from the stemmer-crusher into a holding tank. It is then pumped into a treatment tank (R-74). In the treatment tank, about 0.75% by weight of cellulose fibers in sheet form (R-75) commercially designated Georgianier are added to the crushed grapes, and the mass is agitated (R-74, R-75, R-348) with finned agitators which shred and tear the sheets of cellulose until the cellulose fibers are thoroughly dispersed in the grape mass (R-345). The action of the agitators must be relatively powerful in order to break up the sheets of cellulose into their individual fibers, and, accordingly, the agitators serve further to macerate the grape mass.

If the juice is to be used to produce white wine, the grapes are pressed without further treatment (R-312). If for the production of red wine, the grapes are treated before pressing to extract color from the skins, and to hydrolize the pectins. In both cases, the juice is extracted by compressive extraction in a modern press.

The present process not only requires less labor than was used for rack and frame pressing, but is also more efficient in that it extracts a larger quantity of juice from the grapes (R-52). It represents a significant cost reduction (R-52) and a substantial improvement in the quality of juice produced relative to the old rack and frame, or cheese pressing (R-279). It also avoids problems of sanitation that were present in the older process.

6. The Prior Art.

The Leo, et al., Patent No. 2,235,028 (Exhibit T-13) teaches adding disintegrated Kleenex to crushed strawberries to keep them from sliming the bag in which they are pressed. The Kleenex is sopping wet (R-370, R-372), and nothing is said about reducing the strawberries to a highly fluid state, nor is the use of mechanical equipment suggested. The patent is addressed to the housewife, not to the industrial food processor.

The U.S.D.A. Technical Feasibility Paper (Exhibit T-2) teaches making a prune puree, adding 0.25% of cellulose, and then pressing in a rack and frame press to obtain prune juice. The paper says explicitly that the puree was only "reasonably fluid." It says nothing about the quality of the cellulose, that is, its fiber length and fines content, and it goes on to teach that diatomaceous earth should work as well as cellulose.

The Walker Deposition (Exhibit T-16) adds nothing to the U.S.D.A. Paper. Walker was the chief author of the paper and on his deposition merely described the work on which it was based.

The Rohm & Haas Bulletin SP-13 (Exhibit T-1) includes nothing relevant to the question of validity of the patent in issue. It relates to pectic enzymes, not to juice extraction.

The Ventsam and Bass Stipulations (Exhibits T-19 and T-18) tend to establish that, for many years before Celmer's time, the grape juice plant at Grand View, Washington, made grape juice from labrusca grapes, adding a pectic enzyme and holding for an hour, then adding six pounds of cellulose per ton of grapes and pressing in the rack and frame press.

Reasons for Granting the Writ.

More is at stake on this petition than the life or death of the single patent involved. Petitioners seek to avert the virtual extinction of the patent system in the Second Circuit.

The trend in the Court of Appeals for the Second Circuit is clear. That Court is applying a standard of patentability different from the standard applied in the other circuits, a standard without apparent basis or justification, a standard antagonistic toward patents and violative both of the statutory injunction that, "A patent shall be presumed valid." 35 U.S.C. 282, and of this Court's rulings. *Graham v. John Deere Co.*, 383 U. S. 1 (1966). See the close of the dissenting opinion in *Ling-Temco-Vought, Inc., v. Kollsman Instrument Corp.*, 372 F. 2d 263, 276:

> "If confirmation was necessary, that occasionally a patent will get by in this court,[9] this was just not the case to prove the point."

[9] "The high standards required for patentability in this Circuit are illustrated by the following statistics: 65.6% of the patents reviewed by this Court between 1953 and 1963 were declared invalid for lack of invention. The national average for all Courts of Appeals was 44.6%. The Encyclopedia of Patent Practice and Invention Management, 24 (Calvert ed. 1964)."

More recent history indicates an intensification of the anti-patent bias in the Court. Of 44 patents reviewed since 1961,* only seven, or 15.9%, were held valid, and in two of those cases the patentees were nevertheless denied recovery on the ground of non-infringement. It is recognized that statistics do not make syllogisms, but is it likely that invalid patents are mysteriously attracted to the Second Circuit like moths to a candle? The opposite effect would seem to be more probable.

There exists an intensifying conflict among the circuits, which shows no signs of resolving itself without the intervention of this Court.

The invention in this case is an invention in the classic sense, a "flash of genius" triggered by an accident, and leading to an unexpected and surprising result, a result vainly sought by others and long desired by industry. Also, the invention has been almost universally adopted. If an invention like this one is not patentable because it would have been obvious under 35 U.S.C. 103, there is hardly an invention in recorded history that would have qualified.

Argument.

Question 1:

The question of patentability in this case centers around the issue of obviousness under 35 U.S.C. 103 as construed by this Court in *Graham v. John Deere, supra,* and *United States v. Adams,* 383 U. S. 39 (1966). The Court of Appeals held that the invention was obvious, but, to do so, it had to ignore the nature of the invention and the new and unexpected results achieved by it. In effect, the Court said that each step of the patented process

*Listed in Appendix, pp. 16a to 18a.

could be found in the prior art, and, therefore, the invention was obvious, regardless of any other considerations. The Court closed its eyes, and arbitrarily refused to consisder the invention.

The invention relates to making grape juice, and includes three steps. The Court of Appeals asserted that the first and third steps were old. It failed to note the much more pertinent facts that (1) the first and second steps, taken in combination, were old, and were regarded by Celmer himself as a known way to prepare grapes for extracting juice by filtration (R-37), and (2) there is nothing in the record to suggest that clear juice substantially free of solids had ever previously been produced by compressive extraction from a highly fluid mass of fruit, whether by rack and frame pressing or by machinery. The Court ignored the very heart and essence of the patent and treated the invention as though it amounted to no more that a mere aimless, purposeless variant of an old process.

Under 35 U.S.C. 103, the criterion of obviousness is to be applied to "the subject matter as a whole." This is clearly a different standard from the one applied by the Court of Appeals, which looked only to the various steps of the process taken separately.

Looking at the subject matter of the invention "as a whole," reduced to its very simplest statement, the invention is seen to have been the sudden, intuitive realization that the material the inventor had been working with during the entire period of his investigation, the very mixture of grape puree with cellulose fibers that he handled day after day, provided the answer he had long sought (R-36-R-40). This material, to his intense surprise, was the key both to the use of machines for extracting grape juice and to a significant improvement

in the quantity and quality of grape juice produced by compressive extraction on any type of equipment.

So far as Celmer was concerned at least, there was nothing new or inventive in reducing grapes to a puree (rendering them highly fluid) adding cellulose fibers, and then filtering the mixture (R-36, R-37). This was an obvious, a known way to go about making grape juice, although it was not a commercially practical way. It was too costly. The grape juice industry used only compressive extraction, and, to produce a juice of adequate clarity, had to limit the crushing of the grapes; otherwise too much solid matter would come through the coarse press cloths (R-282, R-283). The grapes had to cake up on the cloths to block passage of the solids.

For many years, other food processors used machines to produce juices such as, for example, tomato and citrus juices by compressive extraction without filtering in the commercial sense. They tolerated large amounts of solids in their products, and the grape juice producers thought that machine extraction was not practical for them. They required a clear juice. Various people, however, did apply themselves to the problem, and Celmer solved it. It was not simply one of using more cellulose to overcome clogging of the press cloths, or of the screens in the machines. Clogging was not the major problem. The main problem was how to hold back the solids and let only the clear liquid pass (R-36). How, for example, would one go about obtaining a clear, transparent juice from ordinary commercial tomato juice? Would it be obvious to add cellulose and then filter? Yes, of course. But would it be obvious that clear juice would result from compressive extraction as practiced by industry if 0.5% to 5% of cellulose were added? The answer is clearly no.

Take another approach. For some eight years, Celmer had been chief chemist and winemaker at the Taylor Wine Company (R-16, R-17). Certainly he must be regarded as one of more than ordinary skill in the art of making grape juice. Yet, he held the "crux of his invention" in his hands time and time again as he filtered grape puree, and it was not obvious to him that the mixture he filtered was suited for compressive extraction and could be handled by machine. It was only by accident, followed by intuitive insight that he found the answer.

Look further, to the Ventsam stipulated testimony (Exh. T-19). Here was a grape juice producer using cellulose as a press aid in the ancient rack and frame process. Was it obvious to that producer that by about doubling the amount of cellulose it could move out of the stone age and prduce juice by machine? If it were, why did it wait until 1960 to adopt machines that had been available and used for processing other foods for many years?

If we regard Celmer's invention simply as an increase in the amount of cellulose used in the Ventsam process, obviousness is still lacking. An aimless variation in a known process is not obvious; some purpose must be apparent, some useful result to be achieved. The only obvious conclusion that can be drawn is that it was not obvious to Ventsam, nor to his co-workers, that advantage could be gained by approximately doubling the amount of cellulose they were using.

No invention arises, like Venus from the sea, born fully formed out of chaos. The progress of the useful arts has always been in small steps, agonizingly slow even in this day of electronic and space age marvels. Invention is not solely the prerogative of the complex

arts, nor is it to be judged merely by the degree to which in retrospect the new seems to differ from the old. The test lies in the successful achievement of a desired result, not in the degree of departure from the prior art.

In the present case, the Court of Appeals summarily ignored Celmer's claims to the achievement of a new and unexpected result. The Court apparently judged the invention simply on the basis of the literal language of the claims, which are not limited to the spectacular new results achieved, but are properly drafted to secure protection commensurate with the scope of the inventor's contribution to the art. Patentability is bottomed on the fact that the invention enabled the achievement of unexpected and long-sought results, extraction by machinery. But the scope of the coverage, once patentability is established, is properly extended to the bounds set by the prior art.

If Celmer had merely found that increasing the amount of cellulose in the Safeway process (Ventsam and Bass stipulations, Exhibits T-18 and T-19) would provide a small increase in yield or quality of juice, or both, petitioners agree that the discovery would hardly support a patent. But his discovery amounted to much more. Looking at it as though he actually started from the Safeway process, what he found and taught was that, if two changes were made, a significant improvement in quantity and quality of juice would be achieved, and also that the juice could be extracted by machine. The first change related to fluidizing the grapes, reducing them to a puree, like tomato juice. The second was to use a much larger quantity of cellulose, a minimum of almost twice the amount used by Safeway.

The Court of Appeals' assertion that this was obvious at the time is beyond the bounds of reason. The Court

says that the first and third steps of the claimed process are concededly old. The statement is literally correct, but it is wrong in that it conveys the idea that the combination of steps was old. There is no evidence to suggest that juice had ever previously been separated from a highly fluid mass of fruit by compressive extraction. Celmer was the first to show that this was possible.

The Court of Appeals says that, since cellulose was known to reduce clogging, it would have been obvious to use cellulose in greater quantity to solve clogging in continuous extraction machines. Again, the Court ignores the facts. Clogging was secondary; the main problem was to hold back the solids to get clear juice (R-36).

The U.S.D.A. Technical Feasibility Paper (Exhibit T-2) and the Walker Deposition (Exhibit T-16) further emphasize the non-obviousness of the invention. In his private experiments, Walker used up to two per cent cellulose, yet he failed to arrive at Celmer's invention. So far as he was concerned, 0.25% of cellulose was the optimum amount to recommend to the food processor for adding to a prune puree to prevent clogging in the small rack and frame press he used. This is only half the minumum amount found by Celmer to be effective in the claimed process. Even though Walker, in his private experiments, used quantities of cellulose within Celmer's range, it was not obvious to Walker that Celmer's results could be achieved.

Question 2:

The District Court held the patent valid but not infringed. The principal argument on appeal was addressed to infringement and was ignored by the Court of Appeals. To expedite this litigation, this Court is asked to rule also on this question. The issue is simple. The Trial

Court's holding of non-infringement hangs on its finding that the cellulose used by respondent is not an equivalent of the cellulose specified in the patent. Equivalence is a question of fact and must find support in the evidence. The finding of non-equivalence by the Trial Court is directly contrary to the only evidence on the point and should be reversed as a matter of law.

Conclusion.

Petitioner respectfully requests that this petition for a writ of certiorari be granted.

Respectfully submitted,

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APPENDIX.

Opinion of the United States Court of Appeals for the Second Circuit, Filed July 18, 1968.

UNITED STATES COURT OF APPEALS,

FOR THE SECOND CIRCUIT.

Nos. 439, 440—September Term, 1967.

(Argued May 16, 1968 Decided July 18, 1968.)

Docket Nos. 32127, 32128

THE TAYLOR WINE COMPANY, Inc.,

Plaintiff-Cross Appellant,

v.

RALPH F. CELMER,

Defendant-Cross Appellee.

ULTIMATE RESEARCH AND DEVELOPMENT CORP.,

Plaintiff-Appellant,

v.

THE TAYLOR WINE COMPANY, Inc.,

Defendant-Appellee.

HAYS, Circuit Judge:

The Taylor Wine Company, alleging that Ralph F. Celmer accused it of infringing a patent belonging to Celmer, brought an action seeking a declaratory judgment

that either the patent was invalid or not infringed by Taylor. Thereafter, Ultimate Research and Development Corp., Celmer's wholly owned corporation to which he had transferred the patent, instituted suit charging Taylor with infringement. The two actions were consolidated for trial. The district court decided that the patent was valid and not infringed. We reverse on the ground that the patent is invalid. 35 U. S. C. §103 (1964).

The patent in controversy claims a process of extracting juice from vegetative pulps. First, the vegetables or fruits are made fluid by crushing them and, if desired, by adding to them a peptic enzyme. Secondly, a pressing aid consisting of between .5% and 5% by weight "alpha cellulose fibers substantially free from fines and predominately in the range of 1-10 mm. in length" is added. Finally, the mixture is pressed to separate the juice from the solids.

The first and last steps in this process concededly are old in the art. Novelty is claimed only in the addition of the cellulose pressing aid.[1] Although it is asserted that the process results in improved yields from a variety of vegetable pulps of juices containing a low amount of solids, its principal contribution is said to be in the grape juice industry. Prior to the development of cellulose pressing aids Concord grapes could not be pressed on modern mechanical continuous extractors because the slimy, gelatinous pectins which they contained caused clogging. When cellulose fibers are added to the grape pulp, they form a network of channels permitting passage of the juice and eliminating this problem.

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[1]At times Celmer calls his patent a combination. We find the relationships between the steps of the process sufficiently obvious that the validity of the patent depends entirely upon the novelty of the second step standing alone.

Celmer was not the first to use cellulose as a pressing aid in extracting juice from vegetative pulps. If his invention is considered to be only the discovery that cellulose is useful as a pressing aid, then it is anticipated by the prior art. 35 U. S. C. §102 (1964).

Celmer claims to have made his discovery on September 30, 1951. The record clearly establishes that cellulose was known as and had been used as a pressing aid prior to this date. See 35 U. S. C. §102(a). The parties stipulated that William C. Ventsam, if called as a witness, would have testified that a firm he had managed had used paper pulp (which is made up of cellulose fibers) as a pressing aid in producing grape juice prior to 1945 and that its process had been witnessed by others, including representatives of another grape juice company, in 1947.

Celmer first applied for his patent on September 15, 1964. The evidence shows that the utility of cellulose as a pressing aid had been disclosed both in a patent and in a printed publication more than one year prior to the date of Celmer's application. See 35 U. S. C. §102(b). United States Patent No. 2,235,028, which issued to Leo and others on March 18, 1941, teaches the use of cellulose fibers as an aid in pressing fruits and berries so as to avoid clogging and to obtain high yield of juice. And in May, 1950 a technical feasibility paper published by the United States Department of Agriculture disclosed that the addition of paper pulp improved the pressing characteristics of prunes.

In the light of these references the validity of the patent can be vindicated only if the specifications it contains as to the kind and amount of cellulose to be used—between .5% and 5% by weight alpha cellulose fibers substantially free from fines and predominately in the range of 1-10 mm. in length—sufficiently differentiate it from the prior art. But these specifications taken either singly

or in combination are insufficient to create patentable novelty. In the first place, Celmer claims no new or unexpected results; he merely asserts that his formula is more effective as a pressing aid than the cellulose fiber pressing aids previously developed. Furthermore, each of his specifications is either anticipated, not useful, or obvious to one having ordinary skill in the art. "Alpha" cellulose was used as a pressing aid prior to 1945 in the process described in the Ventsam stipulation. The testimony strongly suggests that the removal of fines—a step which increases costs—is unnecessary. Finally, the specifications as to the quantity and length of fibers which achieve the best results can be arrived at through the kind of routine experimentation which is within the competence of anyone having ordinary skill in the art. See *Pullman, Inc. v. ACF Industries, Inc.*, 393 F. 2d 83, 88-89 (2d Cir. 1968); *Smith v. Nichols*, 88 U. S. 112, 119 (1874).

Celmer asserts that his is the only process which is operative in continuous juice extraction machinery. Assuming *arguendo* that this is true, we think that it would be obvious to one skilled in the art that the substance which had solved the problem of clogging in other kinds of juice extraction processes—cellulose fiber—might well solve the same problem in continuous juice extractors. And, as we have pointed out, the particular formula Celmer devised for this purpose lacks patentable novelty.

The cause is remanded with directions to enter a judgment declaring United States Patent No. 3,083,104 invalid.

Judgment of the Court of Appeals, Docket No. 32,127.

UNITED STATES COURT OF APPEALS,

FOR THE SECOND CIRCUIT.

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the eighteenth day of July one thousand nine hundred and sixty-eight.

Present:

Hon. Leonard P. Moore,
Hon. Paul R. Hays,
Hon. Wilfred Feinberg,
Circuit Judges.

THE TAYLOR WINE COMPANY, Inc.,

Plaintiff-Appellant,

v.

RALPH F. CELMER,

Defendant-Appellee.

Appeal from the United States District Court for the Western District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Western District of New York, and was argued by counsel.

Judgment of the Court of Appeals, Docket No. 32,127

On Consideration Whereof, it is now hereby ordered, adjudged, and decreed that as to the declaratory judgment action, the judgment of said District Court be and it hereby is reversed and that the action be and it hereby is remanded with directions to enter a judgment declaring United States Patent #3083104 invalid in accordance with the opinion of this court with costs against the defendant appellee, Ralph F. Celmer.

A. DANIEL FUSARO
Clerk

UNITED STATES COURT OF APPEALS,

Second Circuit.

Filed July 18, 1968

A. DANIEL FUSARO,
Clerk.

Judgment of the Court of Appeals, Docket No. 32,128.

UNITED STATES COURT OF APPEALS,

FOR THE SECOND CIRCUIT.

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the eighteenth day of July one thousand nine hundred and sixty-eight.

Present:

Hon. Leonard P. Moore,
Hon. Paul R. Hays,
Hon. Wilfred Feinberg,
Circuit Judges.

ULTIMATE RESEARCH AND DEVELOPMENT CORP.,

Plaintiff-Appellant,

v.

THE TAYLOR WINE COMPANY, Inc.,

Defendant-Appellant.

Appeal from the United States District Court for the Western District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Western District of New York, and was argued by counsel.

Judgment of the Court of Appeals, Docket No. 32, 128

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that as to the infringement action, the judgment of said District Court be and it hereby is affirmed in accordance with the opinion of this court.

A. DANIEL FUSARO
Clerk

UNITED STATES COURT OF APPEALS,

SECOND CIRCUIT.

Filed July 18, 1968

A. DANIEL FUSARO,
Clerk.

(1028)

Findings of Fact and Conclusions of Law.

UNITED STATES DISTRICT COURT,

WESTERN DISTRICT OF NEW YORK.

[BOTH TITLES.]

Trial before the undersigned at Rochester commencing February 27, 1967 and concluding March 1, 1967.

Mason, Mason & Albright, Washington, D. C., Attorneys for Taylor; William B. Mason and Penrose L. Albright, of counsel.

Hoffman Stone, Rochester, N. Y., Attorney for Celmer and Ultimate Research.

(1029) *Findings of Fact*

1. The Taylor Wine Company, Inc. is a New York corporation having its business and offices at Hammondsport, N. Y.

2. Ralph F. Celmer resided at 28 W. Morris Street, Bath, N. Y., at the time of service of the complaint in Civil 10,909. He now resides at 11 6th Street, S. E., Winter Haven, Florida.

3. Ultimate Research and Development Corp. is a New York corporation. At the time of the service of the complaint in Civil 10,931 its place of business was at Rochester, N. Y. Its address now is the same as that of Celmer, its President.

4. These actions involve United States Patent No. 3,083,104 issued March 22, 1963 to Ralph F. Celmer. The patent has been assigned to and is now owned by Ultimate Research and Development Corp. The patent relates to methods for recovering liquids from vegetative materials.

5. Celmer, verbally on April 26, 1963 and (1030) by writing dated October 30, 1963, after having been allowed in September and October, 1963 to inspect the pressing of grapes at the Taylor winery, charged that the process used by Taylor infringed the Celmer patent.

6. On April 29, 1964, The Taylor Wine Company, Inc. commenced Civil Action 10,909 for a declaratory judgment that the patent is invalid, or in the alternative, not infringed by Taylor's process. On February 19, 1964, the patent was assigned to the newly formed Ultimate Research and Development Corp. That corporation on May 18, 1964 instituted Civil 10,931 against The Taylor Wine Company, Inc. for infringement. The actions were consolidated for trial.

7. Celmer claims as his invention the following steps in extracting juices from vegetables or fruit: (a) fluidizing the fruits or vegetable pulp by crushing or macerating, with or without a pectic enzyme preparation; (b) cellulose fibers predominantly in the range of 1-10 mm. in length are added to the fluidized pulp in the proportion of from 0.5% to 5% by weight; (c) compressively (1031) extracting the juice from the mass.

9. On October 9, 1962 Taylor was informed by Celmer, through his attorneys, of the then pending application for the patent. On January 15, 1963 Celmer's patent attorneys were given information concerning certain claimed prior art and usage. Such claimed prior art and usage included Rohm & Haas Bulletin S. P. 13, published in 1950, disclosing the treatment of grape pulp with a pectic enzyme at the crusher and U.S.D.A. Article AIC-263, published in 1950, disclosing vegetative pulp treated with a pectic enzyme and a pressing aid of cellulose fibers before pressing.

10. Celmer has been engaged in food processing research for more than twenty-five years. He is author of a number of articles in the food processing field. He knew of the claimed prior art referred to above even prior to its submission to his patent attorneys. He knew of United States Patent No. 2,235,028 of Leo *et al.*, issued in 1941, which disclosed the use of cellulose fibers as a pressing aid for vegetative pulp. (1032) This patent was called to his attention in 1961 in the course of litigation with the Concord Grape Cooperative Development Association.

11. The U.S.D.A. Article AIC-263, the Rohm & Haas Bulletin, and the Leo patent, disclosed fruit processing processes in which the fruit is made more fluid by crushing, with or without a pectic enzyme, a pressing aid of cellulose fibers is mixed in the fruit pulp and the mixture is thereafter pressed to extract juice low in solids.

12. Prior to 1962, Taylor extracted grape juice by the rack and frame process. Crushed grapes are loaded into a press cloth, which is laid on a lattice-work rack and laterally supported by a frame about four inches deep and about four feet square. Outer portions of the cloth are folded over the grapes to form what is called a cheese. The frame is then removed, a second rack is placed on top of the cheese. The process is repeated until a stack of cheeses is built up, usually about four feet high. The cheeses set up, (1033) first under their own weight, then under a dead weight placed on top of the stack. They are then pressed by a hydraulic or screw press.

13. In 1962 Taylor installed new pressing equipment including a battery of Valley stemmer-crushers to macerate the grapes and a battery of ten Willmes presses. It also installed a battery of ten treatment tanks, one for each of the Willmes presses, with an agitator in each of the tanks for further maceration of the grape pulp.

14. The Willmes press was developed in West Germany and introduced in the United States in 1952. The Willmes press operates on the same basic theory as the rack and frame process except that the pressure element acts from the inside of the press against a cylindrical cloth rather than exteriorly through the frame containing grape pulp. The Willmes press is used by Taylor in a batch pressing operation. Wine makers prefer batch pressing methods rather than continuous pressing.

(1034) 15. The Willmes press is an improvement over the rack and frame press formerly used by Taylor. It requires less labor, is more sanitary, and yields more juice per ton of grapes because the grape pulp can be recycled. The mechanical principle of pressing in the Willmes press and the rack and frame press are the same. Celmer's research was not responsible for the commercialization of the Willmes press or the stemmer-crushers now used by Taylor. Taylor did not derive any benefit from Celmer's research. It developed its process independently therefrom.

16. No perceptible change in the degree of maceration of the grapes at the Taylor winery was brought about by the new stemmer-crushers which were installed. Taylor used a cellulose pressing aid (Solka Floc) as early as 1952. Subsequently it has included a cellulose pressing aid as part of its process.

17. Georgianier, used since 1963 in sheet form as a pressing aid by Taylor, is a sulphate cellulose product of Rayonier, Inc. It has about 7% fines by weight and an alpha cellulose content of less than 90% (1035) by weight. Fines are that part of a cellulose material that will pass through a 100-mesh screen.

18. Georgianier is not "alpha-cellulose fiber" or alpha-pulp as those terms are used in the trade. Georgianier

is not substantially free from fines. No effort has been made to remove fines from Georgianier. Georgianier is not purified according to trade use of the term "purified".

19. The evidence does not establish that the process claimed by Celmer has contributed in any significant degree to the commercial success or advantages of the process used by Taylor. Existing licenses under the patent are the result of a compromise of litigation with the Concord Grape Cooperative Development Association. No royalties have been paid for licensing the Celmer patent.

20. The evidence does not establish that the present process used by Taylor was derived from the Celmer patent, nor that there has been recognition by the trade that the invention is meritorious or that acquiescence by the trade exists as to the validity of the patent.

(1036) 21. Georgianier is not a material defined by the claims of the Celmer patent, nor an equivalent. The pectic enzyme in the proportions used by Taylor is not equivalent to the enzyme proportions set forth in the patent claims.

22. None of the prior art urged by Taylor anticipates the invention as claimed in the Celmer patent and as characterized therein, nor does it render it obvious.

23. Celmer did not obtain his patent through fraud, nor was his conduct in dealing with the patent office fraudulent in any way, nor did it render the patent unenforceable.

24. Claims 1, 2, 22, 23, 24, 25, 30 and 31 are not anticipated by prior public use more than one year before its effective filing date by the process at the Teagarden Co. (now Safeway) plant located at Grandview, Washington.

Findings of Fact and Conclusions of Law

25. The Celmer patent is not invalid under 35 U. S. C. 103 in claiming a process for extracting juice from vegetative pulp. The claimed process is (1037) not obvious in view of the disclosures of Rohm & Haas Bulletin SP-13, U.S.D.A. Article AIC-263, and the Leo *et al.* patent.

26. The Celmer patent is not invalid under Section 35 U. S. C. 112 as being inaccurate, vague, and indefinite to one skilled in the art, in the description of the pressing aid of cellulose fibers used in the claimed process.

27. The Taylor Wine Company, Inc. has not infringed any of the Claims 1, 2, 22, 23, 24, 25, 30 and 31. The cellulose pressing aid Georgianier used by Taylor is not within the scope of the patent claims.

28. Celmer owns 100% of the stock of Ultimate Research and Development Corp. The only employees of the corporation are the officers, who include Celmer and his immediate family. The corporation has no income and no substantial assets other than the patent in suit and foreign equivalents thereof.

29. At the trial (pages 248-253) certain testimony of Celmer was received over objection concerning (1038) oral discussions of uncited prior art with the patent office Examiner during the time that his patent application was pending. This testimony was tentatively received. Upon mature consideration, I determine that the testimony was inadmissible, and I have not considered that testimony in making these Findings and Conclusions.

Conclusions of Law

1. The Celmer patent is valid and enforceable.

2. Celmer did not obtain the patent through fraud or inequitable conduct.

3. The process used by Taylor for extracting juice from Concord grapes in the cold pressing method does not infringe Claims 1, 2, 24 and 25. The hot pressing process used by Taylor does not infringe any of the claims in issue.

4. Civil 10,909 is dismissed without costs. Ultimate Research and Development Corp. is entitled (1039) to judgment, without costs, adjudging that the Celmer patent is valid and enforceable, and that the patent was not obtained through fraud or inequitable conduct. The judgment should provide, in accordance with these Findings and Conclusions, that Taylor has not infringed any of the claims in issue.

5. Taylor has asked for costs and attorneys' fees against Celmer and Ultimate Research and Development Corp., jointly and severally. Ultimate Research and Development Corp. has asked for attorneys' fees and costs. Neither party is entitled to attorneys' fees or costs.

Settle judgment on five days' notice.

HAROLD P. BURKE
U. S. District Judge

June 29, 1967.

List of Patents Reviewed by the Court of Appeals for the Second Circuit Since 1961.

Held Invalid (34, or 77%):

Patent No. 3,083,104, in issue here.

Patent No. 2,878,514, *David & David, Inc. v. Myerson,* 388 Fd 292 (1968);

Patent No. 2,851,532, *Preuss v. General Electric Co., Inc.,* 157 U.S.P.Q. 177 (1968);

Patent No. 3,003,436, *Pullman, Inc. v. ACF Industries, Inc.,* 157 U.S.P.Q. 289 (1968);

Patent No. 2,990,997, *Continental Can Co., Inc. v. Old Dominion Box Co., Inc.,* 157 U.S.P.Q. 355 (1968);

Patent No. 2,796,200, *Robine v. Apco, Inc.,* 386 F. 2d 267 (1967);

Patent No. 2,643,983, *Emsig Mfg. Co. v. Merit Plastics,* 380 F. 2d 736 (1967);

Patent No. 3,160,361, *Monaplastics, Inc. v. Caldor, Inc.,* 378 F. 2d 20 (1967);

Patent No. 2,914,070, *Formal Fashions, Inc. v. Braiman Bows, Inc.,* 369 F. 2d 536 (1966);

Patent No. 2,537,875, *Kerr v. State Farm Insurance Co.,* 373 F. 2d 62 (1967);

Patent No. 2,591,724, *Tensitron, Inc. v. Bromley,* 369 F. 2d 699 (1966);

Patent No. 2,900,096, *Dempster Bros., Inc. v. Buffalo Metal Container Corp.,* 352 F. 2d 420 (1965);

Patent No. 2,624,162, *Beaver Cloth Cutting Machines, Inc. v. Maiman Co., Inc.,* 343 F. 2d 442 (1965);

Patent No. 3,035,572, *Magic Fingers, Inc. v. Auger,* 339 F. 2d 604 (1964);

Patents Nos. 2,542,023 and 2,542,864, *The National Machinery Co. v. The Waterbury Farrel Foundry & Machine Co.,* 337 F. 2d 944 (1964);

List of Patents Reviewed by the Court of Appeals for the Second Circuit Since 1961

Patents Nos. 2,621,757 and 2,737,263, *Electrolux Corp. v. Dustpak, Ltd., Inc.*, 330 F. 2d 958 (1964);

Patents Nos. 2,670,570 and 2,698,019, *Rooted Hair, Inc. v. Ideal Toy Corp.*, 329 F. 2d 761 (1964);

Patent No. 2,835,874, *J & G Development Co., Inc. v. All-Tronics, Inc.*, 326 F. 2d 204 (1963);

Patent No. 2,907,302, *Laka v. Columbia Pen & Pencil Co., Inc.*, 324 F. 2d 179 (1963);

Patent No. 2,817,089, *Oelbaum v. The Lovable Company*, 139 U.S.P.Q. 59 (1963);

Patent No. 2,886,124, *Ductless Hood Co., Inc. v. A. & B. Home Appliances, Inc.*, 317 F. 2d 606 (1963);

Patent No. 2,688,655, *Gross v. JFD Mfg. Co., Inc.*, 314 F. 2d 196 (1963);

Patent No. 2,625,456, *Atlantic Plastics Co. v. Henry Hanger & Display Fix Corp.*, 305 F. 2d 100 (1962);

Patents Nos. 2,547,295 and 2,669,239, *Feathercombs, Inc. v. Solo Products Corp.*, 306 F. 2d 251 (1962);

Patent No. 2,880,785, *Lorenz v. F. W. Woolworth Co.*, 305 F. 2d 102 (1962);

Patent No. 2,775,659, *Standard Coil Products Co., Inc. v. General Electric Co.*, 306 F. 2d 319 (1962);

Patents Nos. Re. 23,717 and 2,476,334, *Titcomb v. Norton Co.*, 307 F. 2d 253 (1962);

Patent No. Des. 149,066, *Hygienic Specialties Co. v. H. G. Salzman, Inc.*, 302 F. 2d 614 (1962);

Patents Nos. 3,140,038 and 3,227,358, *C-Thru Products, Inc. v. Uniflex, Inc.*, 158 U.S.P.Q. 433 (1968).

List of Patents Reviewed by the Court of Appeals for the Second Circuit Since 1961

Held Valid, Not Infringed (2, or 4.6%):

Patent No. 2,859,659, *Ling-Temco-Vought, Inc. v. Kollsman Instrument Corp.*, 372 F. 2d 263 (1967);

Patent No. Re. 23,163, *Reiner v. I. Leon Co., Inc.*, 324 F. 2d 648 (1963).

Held Not Infringed (3, or 7%):

Patents Nos. Des. 181,257, 2,387,156, and 2,885,750, *Kaz Mfg. Co., Inc. v. Chesebrough-Ponds, Inc.*, 317 F. 2d 679 (1963).

Held Valid and Infringed (5, or 11.4%):

Patents Nos. Re. 24,765 and 2,885,248, *White v. Fafnir Bearing Co.*, 156 U.S.P.Q. 657 (1968);

Patent No. 2,868,653, *Rich Products Corp. v. Mitchell Foods, Inc.*, 357 F. 2d 176 (1966);

Patent No. 2,742,327, *American Technical Machinery Corp. v. Caparotta*, 339 F. 2d 557 (1964);

Patent No. 2,689,450, *Stiegele v. J. M. Moore Import-Export Co., Inc.*, 312 F. 2d 588 (1963).